



Committee On Finance

Max Baucus, Ranking Member

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Floor Statement of U.S. Senator Max Baucus on Motion to Instruct Conferees Regarding Medicaid Provisions in Budget Reconciliation Spending Legislation

Mr. President, this motion instructs the Senate conferees on the spending reconciliation bill not to bring back a conference report that hurts Medicaid beneficiaries.

Last month, the House passed just such a bill. The House passed a bill that would cut health care for millions of seniors and lower-income Americans who depend on Medicaid. The Senate should reject these harmful cuts.

In early November, the Senate voted by a thin margin to cut Medicaid, our nation's safety-net health program for low-income Americans. Many of us objected to those cuts.

That day, the Senate bill planted a seed of opportunity to make even more harmful cuts hurting millions of low-income children, seniors, pregnant women, and individuals with disabilities.

Just two weeks later, the Senate reconciliation bill bore bitter fruit. The Medicaid cuts in the House bill are substantial and will hurt millions of the poorest and neediest among us.

According to the Congressional Budget Office (CBO), most of the Medicaid savings in the House bill comes from targeting our poorest citizens. CBO says three quarters of the House bill's Medicaid savings come from provisions that increase costs, cut benefits, or impair access to services for low-income individuals.

These cuts will affect millions of people. CBO estimates that about 17 million Medicaid enrollees will pay more under the House bill. Half of those paying more will be children.

Who will these cuts affect? Medicaid now serves more than 50 million low-income Americans. A quarter of those beneficiaries are children. A quarter of those beneficiaries are seniors and the disabled. The rest are pregnant women, low-income parents, and individuals with serious medical needs.

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Many believe that all low-income Americans are eligible for Medicaid. But often only the very poor qualify. On average, a non-working parent with more than 43 percent of the federal poverty level in income – about \$150 per week for a family of three – makes too much for Medicaid.

Eligibility levels for working parents are also low. On average, a working parent in a family of three earning about \$5.50 an hour makes too much to qualify for Medicaid.

Under the House bill, these needy individuals will pay more for less. CBO estimates that about 80 percent of the savings from increasing cost-sharing would come from decreased use of health care services.

Some may say that increasing cost-sharing will curb waste and abuse in Medicaid. I am not saying that we cannot or should not look at reducing unnecessary treatments under Medicaid. But increasing cost-sharing is not the right way to do it.

Increasing costs deters patients from seeking all health care services, the good and the bad. If we really want to control overuse of services, we should be investing in care management strategies for expensive chronic diseases like diabetes. These strategies have proven to lower costs while increasing the quality of care.

Increasing enrollee cost-sharing can also have unintended system-wide effects. Many states have already said they will deduct the new co-payment fees from provider rates, regardless of whether providers collect the fees. This puts a new burden on the doctors, clinics, and hospitals serving our health safety net. Many of these providers will be forced to make up uncompensated care costs by increasing private market rates, which will drive up health care costs for all of us, leading to more uninsured and an even greater need for Medicaid.

Even more troubling, the House bill's premium increases will result in tens of thousands of individuals losing Medicaid coverage. According to CBO, about a quarter of the savings from premium increases are from individuals losing coverage. And we don't need to rely on CBO to know this will happen. In Oregon, the state began to enforce nominal monthly premiums for higher income Medicaid beneficiaries and saw its enrollment drop by nearly half in 10 months – nearly 50,000 individuals lost coverage.

This increased cost-sharing amounts to a tax on the poor families now on Medicaid. For a family of three with income at 135 percent of poverty, annual cost-sharing could be as high as \$1,086 per year, or about 58 percent of their annual federal tax liability of \$1,852.

Many of these poor individuals would also be forced to pay more, but get less. The House bill allows states to depart from Medicaid's current federal benefit requirements to provide reduced benefits.

The Congressional Budget Office estimates that five million enrollees will see their benefits cut over the next ten years. Half of those affected would be children. Although the poorest children would be protected, higher income children would no longer have guaranteed access to medically necessary care under Medicaid's Early and Periodic Screening, Diagnostic and Treatment services requirement. It is also unclear whether individuals with disabilities and chronic conditions would be protected. This could undermine access to more expensive treatments and services for those individuals who turn to Medicaid because the private market will not cover them.

Shifting costs and cutting benefits for those who are poorest and least able to pay is not the smart way to preserve our nation's safety net for future generations.

In the Finance Committee, many of my colleagues from the other side of the aisle chose to support the Senate bill because it did not include changes that would hurt Medicaid beneficiaries.

My friend and colleague, Finance Chairman Grassley, praised the bill, saying it "protects Medicaid benefits for the most vulnerable in our society."

Senator Smith said: "The reconciliation package we are considering today is not only fiscally responsible but also morally defensible. This is a bill that protects the less fortunate among us. It takes pains to preserve the vital safety-net programs that millions of Americans rely on..."

And the junior Senator from Pennsylvania said during the Committee markup, "Let us set the record straight. We are not cutting health care services to the beneficiary."

Today, I offer this motion to set the record straight on Medicaid cuts.

This motion instructs Senate conferees on the reconciliation bill to reject changes to Medicaid that would hurt Medicaid beneficiaries or undermine Medicaid's guarantee. Given the threat of the cuts passed in the House, the Senate must take a stand in support of the neediest among us.

Let us ensure that we keep the record straight on Medicaid. Let us ensure that we do no harm to the vulnerable individuals whom Medicare serves. And let us pass this motion.

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